



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Logistics Management**  
**Paper – 2**  
**Logistics Fundamentals And Processes.**

**Dec 2013**

**DATE:** 15.12.2013  
**TIME:** 10.00 a.m. to 1.00 p.m.

**Max. Marks: 100**  
**Duration: 03 Hrs.**

**Instructions:**

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|--|----------------|
| 1. From part "A", Each sub-question carries 01 mark                    | Total Marks 32 |
| 2. From "B", answer any 3 - each question carries 16 Marks             | Total Marks 48 |
| 3. Part "C" is a case study with sub question – 20 Marks. (compulsory) | Total Marks 20 |
| 4. Please read the instruction on the answer sheet.                    |                |

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**PART-A**

( 32x1= Total: 32 Marks)

**Q1. State True or False:**

- 1.1 For a logistics strategy, customer service is not a key element.
- 1.2 Rapid response is concerned with a firm's ability to satisfy timely customer service.
- 1.3 Speed of transportation is the time required to complete a specific movement.
- 1.4 Variance is the unexpected event that disrupts system performance.
- 1.5 One of the least significant logistics costs is transportation.
- 1.6 Premium transportation is typically high cost proposition.
- 1.7 Information technology is not the key resource to achieve integration.
- 1.8 TQM has become a Major commitment throughout all facets of industry.

**Q2. Fill in the blanks:**

- 2.1 Transportation by rail is ..... for bulk and long hauls.
- 2.2 Customer service and costs are ..... by transportation.
- 2.3 Forecasting & order management are areas of logistical work that depends on .....
- 2.4 The technology is only as good as the ..... of information.
- 2.5 Logistics is viewed as the.....that links enterprise with its customers & suppliers.
- 2.6 The area of a physical distribution concerns .....of a finished product to customers.
- 2.7 Logistic objective is to seek ..... quality improvement.
- 2.8 Coordination is the ..... of overall information system architecture in the value chain.

**Q3. Match the following from Column A and Column B correctly.**

Column A	Column B
1.Inventory requirements	a) involves the rate of inventory usage overtime.
2.Logistical system	b) to determine the number and location of facilities required.
3.Transportation	c) to utilize transportation that minimizes total system cost.
4. Network design requirement	d) operational area of logistics that geographically positions inventory.
5.Order Management concerns	e) concentrates on managing work-in-process inventories as it flows between stages of manufacturing.
6. The areas of manufacturing support	f) identifies specific locations within a logistical system that have requirements.
7.Information flow	g) the work involved in handling specific customer requirements.
8.Turn Velocity	h) depends on the network structure & the desired level of customer service.

**Q4. Expand the following.**

4.1 EOQ	4.3 RFID	4.5 ROL	4.7 CSR
4.2 MRP II	4.4 TQM	4.6 AGV	4.8 LCL

**PART- B**

**Total (16 x3 = 48) Marks**

**Answer any three from the following questions**

- Q5. Define logistics. Explain its objectives. Also explain in detail the functional area of logistics.
- Q6. What is third party logistics? What are the factors that influence transport economics?
- Q7. What are the fundamental dimensions of customer service? Explain. Also define what are value added services.
- Q8. Write short notes on any **four** of the following:
- Inventory Control.
  - Safety stocks.
  - Inspection of materials.
  - JIT Concept.
  - WIP inventory.
  - Letter of credit.
  - Demurrage charges.

Q9. Explain the concept of procurement performance cycle. Also explain the term 'managing operational uncertainty.

**Part – C CASE STUDY**

**( Compulsory )**

**(Total: 20 Marks).**

**Q. 10**

M/s XYZ, a limited company in Navi Mumbai procures, manufactures a number of components for the group assembly unit located nearby. The assembly unit manufacturing furniture items has been in business for more than 5 years and has come to be known as a quality supplier. They are projected to grow at around 15%. The company does face competition from other firms who supply cheaper products, and are not very particular about quality nor delivery.

You have been appointed as a procurement cum logistics manager, with clear guidelines that the company desires to continue making quality products, with a clear intention of not only sustaining its present market share and projected growth targets, but is also looking at expanding the facilities so that the projected growth can be increased further.

Outline the five major steps that would be necessary in the context of Logistical Management to not only sustain the present growth, but expand it further. Detail out your action plan.

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